

**City Light Advisory Board Meeting
September 12, 2005, 8:30 – 11:30 a.m.
DRAFT MEETING SUMMARY**

Board members present: Carol Arnold, Jay Lapin, Sara Patton, Randy Hardy

Also present: Jorge Carrasco, John Prescott, Steve Call, DaVonna Johnson, Danny Melgoza (City Light), Ben Noble (Legislative), Alec Fiskien, Julie Tobin (Office of Policy & Management)

Superintendent's Update

- Water supply conditions. (Handout)
- Council Bill 115371. This Council Bill, authorizing City Light to accept funds from the Washington State Attorney General's Office to collaborate on a refund program to provide restitution back to the business consumers who paid high electricity prices during the energy crisis, will be heard at the Council Energy and Environmental Policy Committee on September 14.
- Surety Bond. City Light has purchased a surety bond to take the place of the bond reserve. Twenty-five million will fund a contingency reserve and the balance will be applied to capital expenditures.
- Washington State Agency (WSA) comments on Grid West and Transmission Improvements Group (TIG) Proposals. Superintendent Carrasco handed out WSA's letter to BPA. City Light's position is similar to the comments made by WSA.

High Performance Organization

John Prescott gave an update on transforming City Light - positive change for high performance. The Advisory Board commented that the City Light reorganization is an excellent step toward building a high performance organization but internal and external audiences may be looking for early results on high priority items such as asset management, risk management, etc. Given City Light's limited resources during the reorganization, City Light might want to prioritize organization of key items to show that the reorganization can produce benefits. An example might be for City Light to deliver on near term power system optimization and related financial benefit.

Progress on Management Flexibility (from the Board's point of view)

The Advisory Board reiterated that allowing City Light greater management flexibility would enhance utility accountability in a highly competitive market. There are four issues that need to be resolved, especially as City Light moves into phase 3 of their high performance organization work program:

- 1) Salary Levels. In order to attract quality staff in key areas, City Light recently received authority to adjust certain salary levels. Legislation needs to be developed to codify those titles and salaries.
- 2) Personnel Classification. City Light needs the ability to administer its own personnel classification system. The Board recommended that legislation be developed to move forward with transferring classification from Personnel to City Light.
- 3) Incentive Pay. City Light needs the ability to administer its own incentive pay system to effectively compete and retain high quality staff, especially in areas where it has significant revenues at risk. The Superintendent should get authorization to develop an incentive pay system for City Light
- 4) Exempt Positions. City Light needs to have more exempt positions in order to have the ability to alter position duties and reassign functions in line with the reorganization. The Superintendent will provide the Advisory Board with examples of the kinds of positions that need to be classified for the new functions

The Board offered assistance on these issues and recommended that City Light develop legislation for submittal to Council in early December. As a follow up Julie Tobin will schedule times for the Board members focusing on these issues to brief the Deputy Mayor and Councilmember Godden.

Strategy for Public Involvement

Sara Patton gave an update on the Advisory Board's work in this area and mentioned Colorado Springs Utility as a good example. The Advisory Board's goal is to develop recommendations for a public involvement process that is systematic and issue oriented for review by the Superintendent, Executive and Council. The Advisory Board needs some staff assistance to further this work and the Superintendent will ask Bob Royer to get back to Sara with a game plan on how City Light can assist.

Board members cited the electrical service installation program as good example for the public input process tailored to an issue and asked for an overview at a future Board meeting. Jay Lapin will put together a 2 pager on the benefits on this.

As they get further into the work, Board members will update the City Council and the Mayor's Office. Sara Patton and Jay Lapin will report on progress at the October Board meeting.

Final Report - Schedule

September 26	Carol Arnold will develop a draft report outline and circulate to Board members.
October 4	Advisory Board Meeting Discuss draft outline, agree on general report concepts and make assignments
October	Develop draft sections
November 1	Advisory Board Meeting Review draft
December 6	Advisory Board Meeting Review draft report
December 30	Distribute final report
January	Board available to answer questions

Other Business

Sara Patton expressed concern regarding the continuing uncertainty of BPA post 2011 and allocation issues.

Julie Tobin will follow up to Carol Arnold's letter to the Blue Ribbon Panel and schedule a meeting with the Board in October.

October Agenda

Superintendent's Update
Strategic Planning – Steve Call
High Performance Organization and status of re-org – John Prescott
Management Flexibility – Randy Hardy
Strategy for Public Involvement – Sara Patton
Annual Report Development – Carol Arnold